

Tax Refund Protection Act

Congresswoman Suzanne Bonamici and Senator Cory Booker

Regulation of For-Profit Tax Preparers

Taxpayers should feel confident that their tax preparer is qualified, and will not take advantage of their customers. TRPA updates the rules covering tax professionals, like tax attorneys and accountants, to make sure Treasury can license and regulate for-profit tax preparers.

This legislation allows Treasury and the Internal Revenue Service (IRS) to collect fees sufficient to support the cost of the licensing program and institute penalties for improper conduct.

Protect Refund Checks & Increase Transparency

TRPA gives Treasury the authority to regulate Refund Anticipation Checks (RACs) through disclosure requirements.

There is no speed advantage to a RAC – the taxpayer receives the tax refund on the same day regardless of whether it comes in the form of a direct deposit from the government or a RAC from the preparer. Yet, in 2013 taxpayers paid an estimated **\$700 million in fees and add-ons** to tax preparers for RACs.

The bill broadly covers any product sold as a means for a taxpayer to defer payment of tax prep until the refund is issued, so that preparers can't simply change their refund method to get around these protections. Tax Return Preparers would be required to disclose to taxpayers:

- How much they charge for preparing and filing a tax refund;
- Where they can find the amount of time that a taxpayer can expect to receive refund;
- Difference in time a taxpayer would receive refund directly from IRS and from preparer in the form of a RAC; and,
- That a RAC is not necessary to receive a tax refund.

Improper Disclosure of Taxpayer Information

TRPA clarifies that the IRS may seek both civil and criminal penalties when tax return preparers improperly disclose taxpayers' sensitive information.